GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2345
ANSWERED ON:16.08.2011
VIABILITY OF FPS
Rane Dr. Nilesh Narayan

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the economic viability of Fair Price Shops (FPS) has been badly affected by the exclusion of Above Poverty Line population from the Public Distribution System (PDS);

(b) if so, the details thereof;

(c) whether only 23 percent of FPS are viable in terms of earning a return of 12 percent on capital;

(d) if so, whether this has acted as inducement for the FPS owners to indulge in corruption; and

(e) if so, the steps taken to make FPS economically viable?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (e): Under the Targeted Public Distribution System (TPDS), Government provides foodgrains to State/UT Governments for distribution to Below Poverty Line (BPL) families including Antyodaya Anna Yojana (AAY) families @ 35 kg. per family per month at highly subsidized prices. Allocation to Above Poverty Line (APL) families is made on the basis of availability of foodgrains in the Central Pool and the past off-take. Presently, the allocation of foodgrains for APL category ranges between 15 kg. and 35 kg. per family per month at subsidized prices.

The TPDS functions through a network of Fair Price Shops (FPS). The licences for the FPS are issued under the Public Distribution System (Control) Order, 2001, which also lay down the duties and responsibilities of FPS owner. Since 2001, State/UT Governments have been given the flexibility in the matter of fixing the margin for the Fair Price Shops (FPSs). The rates of commission to FPS owners are, therefore, to be determined by the respective States/UTs. In order to improve the viability of the fair price shops through increased turnover, Government has advised the State/UT Governments that FPS owners should be encouraged to enlarge the basket of commodities by adding non- PDS items for sale through these outlets.